

**TOWN OF ROCKY HILL  
FINANCE COMMITTEE  
MEETING OF OCTOBER 15, 2014**

Present: Chairwoman Cathy Vargas, Councilor Guy Drapeau and Councilor Bill MacDonald. Also present: John Mehr (Finance Director), Guy Scaife (Town Manager) (Entered at 4:34 p.m.), Mona McKim (Treasurer) and Stuart Topliff (Assessor) (Left at 4:38 p.m.).

Chairwoman Cathy Vargas called the October 15, 2014 meeting of the Finance Committee to order at 4:30 p.m. in the Council Chambers, Town Hall, 761 Old Main Street, Rocky Hill, CT.

**I. ACTION – APPROVAL OF MINUTES – AUGUST 13, 2014 MEETING**

**Councilor Drapeau made a motion to approve the Minutes of the August 13, 2014 meeting of the Finance Committee. The motion was seconded by Councilor MacDonald and adopted unanimously.**

**II. ACTION – APPROVAL OF WORKING NOTES – AUGUST 13, 2014**

**Councilor Drapeau made a motion to approve the Working Notes of the August 13, 2014 meeting of the Finance Committee. The motion was seconded by Councilor MacDonald and adopted unanimously.**

**III. DISCUSSION/POSSIBLE ACTION – ORDINANCE EXEMPTION FOR HORSES AND PONIES – ASSESSOR**

Stuart Topliff said he was proposing to have this Committee pass a local option to exempt horses and ponies in Rocky Hill. All horses that are used for agricultural purposes in farming and any horse that has an assessed value that is less than \$1,000 are already exempt. He knows of two horses in Rocky Hill currently that are not being used for farming and they are both assessed at less than \$1,000. Both of these horses are more than ten years old and they are pets. Chairwoman Vargas asked how a horse is assessed and Stuart Topliff said the owner gives an approximate value to him.

Chairwoman Vargas asked the Councilors if they had any questions and they didn't. Chairwoman Vargas asked if this item has to be moved to the Town Council. Finance Director Mehr believes this will be on Monday evening's Town Council agenda with regards to when a public hearing for it will need to be set.

Town Manager Scaife said he has asked Stuart Topliff to write a memo that will put in common language what the issue is, what he is seeing as a reasonable resolution and also if there are any

potential ramifications of it. This memo will be in the Councilors' packets for Monday evening if this item moves forward now.

**Councilor Drapeau made a motion to recommend Article VIII (Exemption for Horses and Ponies) in the documents that the Finance Committee had and move that up to the Town Council for consideration. The motion was seconded by Councilor MacDonald and adopted unanimously.**

(Article VIII (Exemption for Horses and Ponies) 223-28, There is hereby created, pursuant to the provision of subdivision (68) of section 12-81 and section 12-91 of the Connecticut General Statutes, as amended by public act 14-33, an exemption from personal property taxation any horse or pony commencing on October 1, 20-14 and thereafter.)

**IV. UPDATE – RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURE FUND – JUNE 30, 2014 – FINANCE**

Finance Director Mehr told the Councilors that he provided in their packets, a copy of the summary of activity for the year ending June 30, 2014. The expended current year column is for the funds that had been expended over the year. Approximately \$1,300,000 was expended out of this fund of which 50% or more was related to school projects. Almost \$500,000 was spent on school improvements for the year and there is a remaining balance of approximately \$102,000 as of June 30, 2014. A number of the summer projects had to be set up in the nonrecurring accounts. These were funds which were transferred out of the General Fund budget from last year. The Police microwave transmitter project is also included in this. There is a balance of approximately \$2,700,000 in this account after all of the transfers in and out of it for various projects.

Chairwoman Vargas asked the Councilors if they had any questions. Councilor Drapeau asked if the elderly disabled bus is a new one. Finance Director Mehr said a new bus had been purchased in July.

Councilor Drapeau said there is approximately \$36,000 left for the fire training center and he asked if the RHFD is going to be doing any enhancements there. Finance Director Mehr believes that project has been going on for six or seven years and he believes that is wrapping up.

Councilor Drapeau referred to the transmitter communication system and he said there had been discussion at budget time about leasing this. Finance Director Mehr said that would be separate. This was more related to the sending out of communications by microwave and the other one relates more to the dispatch center equipment. A bank is interested in looking at this from an operating lease standpoint.

Councilor MacDonald said almost \$100,000 is left in the account for sidewalks and he asked where they are on this. He thought there had been a discussion a few meetings ago where they wanted the Town to use these funds in being more proactive in fixing sidewalks and adding them. Finance Director Mehr said they generally get almost \$100,000 per year of LoCIP money that is applied to various repairs. He told Councilor MacDonald that the \$100,000 he is

referring to has been more of a reserve for emergencies so they haven't touched it yet but if they find some projects that they need to do then they can address those at that time. Councilor MacDonald said they had that same discussion six months ago. Chairwoman Vargas said Jim Sollmi (Director of Public Works) had been present at one of their meetings and he didn't even know about this money. Councilor MacDonald thought they had asked Jim Sollmi to come back with a list as to where they would use this money for sidewalks. Councilor MacDonald said common complaints he gets all of the time are that there are stretches of sidewalks with gaps or there are sidewalks that need repair. He doesn't know if this is for this Committee or the Government Operations Committee. Chairwoman Vargas said maybe Town Manager Scaife can make Jim Sollmi aware of this when he meets with him. Town Manager Scaife told them to bring these types of items to him. He thinks this is an operational issue and not a Committee one. He is going to be looking at the total funds and trying to make sure that they are spending these in the highest priority. He will come back to this Committee for some of those things.

Chairwoman Vargas asked where the \$300,000 is that they had brought out of the Parks and Recreation's Special Rec account. Finance Director Mehr said this is being done as a July 1, 2014 transfer. Chairwoman Vargas asked if they could get a better understanding of the balance in this account because of all of the things that had been done at the schools over the summer and that had to be there as of June 30, 2014. Finance Director Mehr said hopefully most of the bills will be in and they can get a truer accounting by this Committee's next meeting.

#### **V. UPDATE – TOWN \$18.1 MILLION 20 YEAR BOND ISSUE – FINANCE**

Finance Director Mehr said the Town went out a couple of weeks ago for bids on its \$18,100,000 general obligation bonds. He thinks seven bids had come in. They ended up with William Blair coming in at 2.7%. The Town will be receiving a premium of almost \$1,200,000 in addition to the \$18,100,000 and this will help to fund at least the first year of interest payments. He went over the repayment schedule. They could see what the principle and interest payments will be looking like in the coming years from a budgeting standpoint. This will probably increase their debt service by an average of \$1,500,000 on a declining basis over the term of this.

The deal was closed today and they got the \$18,100,000 in. Their BANS of \$8,100,000 were paid off and the net interest cost for these that they had for six or seven months was just under \$6,000.

#### **VI. UPDATE – MIRMA LOSS PORTFOLIO TRANSFER – FINANCE**

Finance Director Mehr said the Town had joined the MIRMA Association a number of years ago, to buy its property and Worker's Compensation liability insurance as opposed to going with CIRMA and other insurance companies that were offering this at the time. MIRMA had some unfortunate claims that put it in insolvency. The State took them over and eventually their claims were being run off. All the Town members were getting assessed on a yearly basis. Rocky Hill's averaged around \$150,000 to \$175,000 per year. Their assessment, since they have been making this payment starting in 2010, has totaled about \$666,000. The Town received a check recently for \$51,000 in which the MIRMA claims were sold to a third party to take over. The Town's commitment to MIRMA is over now.

Chairwoman Vargas asked where the \$51,883 will get posted to. Finance Director Mehr said this will be put against their assessment that they pay July 1<sup>st</sup> and this is approximately \$166,000. This won't have to be budgeted for any time in the future. The check has to be cashed by next week and any money that is left in MIRMA's accounts will be going to the State. The Town put this check in its bank.

**VII. UPDATE –STATE AID TO MUNICIPALITIES FOR 2014-15 BUDGET –  
FINANCE**

Finance Director Mehr said the Town is anticipating getting approximately \$600,000 in grants. The State had adopted its budget before the Town did so they were able to budget for this. The Town has received \$1,100,000 for the first three months of the year (fiscal) for two of the items which had been scheduled to come in during that time period. They are on schedule so far in getting the funds that the State had promised them in its budget.

**VIII. MONTHLY FINANCIAL REPORT – SEPTEMBER 2014 – FINANCE**

Finance Director Mehr told the Councilors that the Tax Collector's Report for the first three months of the year (fiscal) has been provided to them comparing this against their benchmark. The tax collections have been above this benchmark average so far this year. On the budget side, a similar three month report was done as to how the expenditures, etc. are going.

The detailed report of fifty-six pages for individual budgets also was provided to them and Finance Director Mehr asked Town Manager Scaife if he wanted to elaborate on any changes for this. Town Manager Scaife said he has just begun the process of really starting an in-depth review of the budget. Some changes in the reporting have already begun. He gave the Councilors a sample of what Finance Director Mehr and Mona McKim have generated. Town Manager Scaife said the historical budget reports that they have gotten didn't provide history on what a particular account had been running. This will be a work in process. He referred to the first page of what he had given them and he said going forward that they should have three years of history of actual expenditures available, as well as the previous year's budget compared to what its actual was, this current year's budget, the year-to-date and the percentage.

Town Manager Scaife referred to the second page of what he had given them. This is with regards to department levels. A few departments (i.e. the RHFD's and RHPD's, etc.) have a lot of subaccounts. There was no department total in the old format but the new one will have a rollup line that will show this. The RHPD currently has six subcategories and this will now be collapsed into four. They might be seeing other accounts where they will expand.

Town Manager Scaife said there are several areas where the nomenclature is either too generic or not clear within a given detail behind a department account (i.e. fees). The Department Heads will also be looking to see how they can better use this as a tool. There will be quite a bit of revamping but they will hopefully have less paper with better specificity, history to compare to and rollups.

Councilor MacDonald told Town Manager Scaife that this is great and he referred to the column with regards to percent expended. He is assuming that this is what has been expended versus the budget and he asked how he would calculate what a variance would be. He asked if there would be another column. Town Manager Scaife said they would be glad to add that. Councilor Drapeau asked Councilor MacDonald if he is looking for a dollar or a percentage variance. Councilor MacDonald said it doesn't matter. Town Manager Scaife said he will be adding in a dollar variance. Finance Director Mehr thinks that a percentage variance would be better. Town Manager Scaife said they have a percentage in one column.

Chairwoman Vargas asked the Councilors if they had any questions on the expenses that are in the old format. Councilor Drapeau referred to the Grand List of delinquent accounts in the amount of \$748,000, which is not small to him. He would love to see something in terms of a plan to chase some of the delinquent accounts down. He asked if a high level report could be brought on a monthly basis or quarterly basis to this Committee or to the Town Council possibly so they could see the progress. Finance Director Mehr said more drastic tactics compared to the past are being taken on the real estate ones. The one for motor vehicles is a high number of individual bills. Those are a more difficult type of collection and he thinks they are trying to pursue those through collection attorneys. Councilor Drapeau asked if this isn't the only number and if there are dollars in addition to this that are in a collection agency, etc. Finance Director Mehr said those are moved into an expense account and they are still collectible. Councilor Drapeau confirmed that the amount is more than \$748,000. Finance Director Mehr said yes but he would double check. Town Manager Scaife told Councilor Drapeau if what he just said is true, which it probably is, that he is glad that he brought it up because he didn't know this. Town Manager Scaife said if letters haven't gone out yet with regards to the real estate ones that they will be going out soon. Approximately fifteen of these are sizeable properties. They will obviously go after the larger ones first. Councilor Drapeau said that he doesn't want to micromanage them and he just wants to know that they have a plan. The Town Council will see this plan is working by seeing that the dollars are getting smaller and this is all that he is looking for.

Councilor Drapeau sees there is an auditing service fee of \$10,000 for property assessment and he asked when this audit will start. Finance Director Mehr said they recently started working with the new personal property collection that they just switched over to. This will be done on a contingency basis. Councilor MacDonald asked if they had approved the \$10,000 to go in there or he asked if this shouldn't be zero because it is on a contingency basis. Finance Director Mehr isn't sure if Stuart Topliff is going to use these people to do other audits. Councilor MacDonald said the \$10,000 should be returned because they could use zero of this most likely if they are going to a contingency basis. Finance Director Mehr said they could recognize the income and charge the contingency against this dollar amount. This was budgeted for. Town Manager Scaife thought the \$10,000 is being used for a third party to audit the businesses' personal property. Finance Director Mehr said yes. Councilor MacDonald explained that there had been a flat fee per audit in the past but he said that Stuart Topliff had said that this was going to be done on a contingency basis. Finance Director Mehr thinks at the time of adoption that \$10,000 was the idea and then they switched over after that. A third of the Town will be reviewed for the next three years.

Councilor Drapeau asked what the credit is in fees for \$11,382 in Central supplies. Mona McKim said they received their rebate and she told them they would then see the payment of the fee. This netted out actually and they will see this in the next financial report.

Councilor Drapeau said the full time salaries looks to be a little bit high for the Town Clerk. Finance Director Mehr said there was a payout of retirement benefits due to a retirement.

Councilor Drapeau referred to the communications for the RHFD and how a big deal had been made about them not getting radios in their budget but he noticed that none of that money has been spent yet and he was wondering if they are going to do this. Town Manager Scaife said he hasn't done the RHFD's budget review so he asked them to "sit tight" until they have a chance to go over this. Councilor Drapeau asked if this is okay for now though and Town Manager Scaife said yes.

Councilor Drapeau said it looks like \$48,000 is expended for the year-to-date, which looks to be right on budget, for the motor fuel and lubrication. He asked if there is any way, even down the road, for them to get any kind of reporting by vehicle as to what the usage and expense is because he thinks this will be worth looking at. Town Manager Scaife said they have a report that comes out of an ancient system. This prints out by vehicle so it would be cumbersome to turn this into usable data because someone would have to manually go through this and pull it off. He has been provided a list, which shows usage by vehicle, by the Highway Superintendent. Town Manager Scaife said this is one of the system things they have to fix. Councilor Drapeau thinks it would be worth it to have something done with that and Town Manager Scaife said they certainly will do that. Finance Director Mehr said the Town gets a bill for the filling up of the tank and a percentage of this is split out to the various departments based on departmental use. Councilor Drapeau thought that each vehicle has a key. Finance Director Mehr said the key tracks the vehicle usage. Councilor Drapeau asked if they agreed that would be a more appropriate way to allocate those costs in a perfect world. Town Manager Scaife said they would get that.

Councilor Drapeau said there is a vehicle parts line item for \$10,000 in park area grounds and he asked why this isn't under garage (Highway). Town Manager Scaife said Parks and Recreation has their own garage. The shop there is excellent. He is extremely impressed with the skill set there is and it is very impressive in terms of what they can fabricate. Councilor Drapeau asked how many mechanics they have. Finance Director Mehr said they have maintainers. Town Manager Scaife said the maintainers do all of the small engine work themselves.

Councilor MacDonald asked if there were any retirements or payouts in the facilities building maintenance because the full time salaries seem much higher than he would have expected. This is at 37% through a quarter of the year. Finance Director Mehr didn't think there were any retirements and he said they would look into this.

Chairwoman Vargas referred to the equipment in the Parks and Recreation Department and to the vehicles in the Highway Department on the Capital Improvements page. She asked Finance Director Mehr if this was paid all in "one full swoop". Finance Director Mehr said for the Parks

and Recreation Department that this is the last lease payment for one of their large mowers. This is for two dump trucks, a payloador and a forklift for the Highway Department.

**IX. LEGAL BILLS (JULY & AUGUST) – TOWN MANAGER/FINANCE**

Councilor MacDonald said he would be abstaining from voting on this because he noticed that his name is listed on one of the pages for a tax appeal that he has with the Town and also that that amount isn't included in the detail of the legal bills. He isn't sure if this should have been or not. The numbers on the summary sheet didn't tie to the two packages they had. Councilor Drapeau agreed. Finance Director Mehr told Councilor MacDonald that his name wouldn't be in the detail because the Town Attorney isn't handling his case.

Councilor MacDonald said they had pulled three of the invoices from the Town Attorney that totaled \$1,496 back in May because they hadn't been given any information on those. This was the result of an investigation for the RHFD. Those had been discussed subsequently but he never saw those legal bills coming back for approval. He assumed those bills were never paid but these should be paid because they agreed those were valid. He asked if these were paid. Finance Director Mehr said these were paid for year-end purposes. Town Manager Scaife remembered reading Minutes where these bills were approved. Councilor MacDonald said they weren't by this Committee. Town Manager Scaife said maybe the full Town Council did. Chairwoman Vargas thought the legal bills had been sent forward to the Town Council minus those charges. Councilor MacDonald said they did that and he thinks these should be approved even though they have been paid. Chairwoman Vargas said this Committee never approved these.

**Councilor MacDonald made a motion to push the formal approval of the three invoices from the June 13, 2014 Legal Fee Summary that related to the RHFD to the Town Council for its Consent Agenda. The total for this is \$1,496. The motion was seconded by Councilor Drapeau and adopted unanimously.**

**Councilor Drapeau made a motion to approve the Legal Bills and forward these to the Town Council for its Consent Agenda. The motion was seconded by Councilor MacDonald and adopted with Councilor Bill MacDonald abstaining.**

**BE IT RESOLVED THAT the Town Council/Finance Committee hereby authorizes the payment of the following legal bills for services rendered,**

|                            |                           |
|----------------------------|---------------------------|
| <b>Rome McGuigan, P.C.</b> | <b>\$20,641.43 (July)</b> |
|                            | <b>\$14,912.32 (Aug)</b>  |
| <b>Joseph Fasi LLC</b>     | <b>\$ <u>0.00</u></b>     |
| <b><u>TOTAL</u></b>        | <b><u>\$35,553.75</u></b> |

**Other Services:**

Town Manager Scaife said he will be implementing a change from a process standpoint. The Department Heads that are closest to the activity listed in the legal bills have not been involved in the approval process but that has to change because this is how they handle other bills. He will be talking with the Town Attorney and might ask that he segregate the bills that are for the “bigger buckets”. Town Manager Scaife said those will go to the Department Heads before these come to him to be signed off on.

Town Manager Scaife told this Committee that he doesn’t understand why the legal bills come to them for approval. He is curious as to why this type of an expenditure would be pulled out separate from other ones (i.e. the purchasing of materials, etc.). He hasn’t seen this being done in other municipal governments but this might be a Rocky Hill or Connecticut thing. Finance Director Mehr thinks this process had been developed after the large amount of legal bills were incurred during the 1990’s. This originally was to make sure that the Town Council was aware of what the legal costs were that were being run up by the Town Attorney. Town Manager Scaife said this is a big area for him because there is a lot of money on the table and he will scrutinize this in great detail.

Councilor MacDonald doesn’t think that there is anything in the Town Charter requiring this and he is all in favor of having this being managed at the Town Manager level. He is more inclined to letting Town Manager Scaife manage the legal bills and providing a summary of these at their Town Council meetings. Councilor MacDonald asked for the Department Heads to sign off on these. He is seeing calls from the Tax Assessor, etc. in these bills and he is assuming that the Department Heads have no authority to deal directly with the Town Attorney unless someone approves that. Councilor MacDonald is trying to figure out how they can “wrangle” the contact with the Town Attorney as it relates to the cost.

Town Manager Scaife thinks it is a sign of the Department Heads’ performance in making good decisions and using this resource judiciously as they do with others. He has instructed them to pick up the phone and call him if they are in doubt so that they can “kick it around” but he said they need to be making that decision on obvious things and they will be held accountable for good decisions. He will be seeing the legal bills ultimately. He has also put a stop to having the Town Attorney writing letters. The perception is that the Town Attorney has more clout than they do. The Offices (i.e. Town Manager’s, Finance Director’s, etc.) have authority behind them by Statute. This will be monitored really close and he hopes they will have some savings. He told this Committee that they will get several categories in their legal bills’ package (i.e. General, labor type and tax appeals).

Councilor Drapeau absolutely agrees with what everyone is talking about. He has no problem not seeing the legal bills anymore as long as there is a policy at Town Manager Scaife’s level, whether it is written or not, that instructs as to when it is appropriate for a call to be made, or for an e-mail to be sent to the Town Attorney. Councilor Drapeau also said that there are probably “mountains of detail” behind these bills that none of them will have purview to ever. He is personally interested in looking at the summary page and he told Town Manager Scaife that he would expect him to bring any “meat and potatoes deals” going around to the Town Council. Town Manager Scaife said the Town Attorney needs to give them specificity when there are the big categories. It will then be easy for him or Finance Director Mehr to sit down with their direct



reports to tell them to use the Town Attorney in that instance. Councilor Drapeau asked if they needed to vote on this or if they could just elect to pull the legal bills off and he asked if they have to do this at the Town Council level. Finance Director Mehr said this is just a review. They just want to change the procedure with regards to them liking a one page summary sheet. Chairwoman Vargas said in her report at the Town Council level that she will say that this would be the last time that the legal bills would be coming forward on the Consent Agenda. There has been a procedural change in finance and Town Manager Scaife will be handling this with his direct reports.

**X. OTHER**

Finance Director Mehr said they are going to be closing on the Hayes property, which is the \$2,000,000 developments rights deal, on Monday.

Finance Director Mehr thought the closing for the Ames property was today. The Tax Collector will be getting \$147,000 in back taxes. Councilor MacDonald asked how much the closing was for and Finance Director Mehr didn't know but they will hopefully have these numbers on Monday if this is a done deal.

**XI. ADJOURNMENT**

**Councilor Drapeau made a motion to adjourn the meeting at 5:29 p.m. The motion was seconded by Councilor MacDonald and adopted unanimously.**

Respectfully submitted,

Jo-Anne Booth  
Recording Secretary